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SUBJECT: PRINCE SULTAN'S VISIT TO PAKISTAN: MOSTLY OPTICS;
MAYBE DEFENSE SALES

REF: STATE 58668

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11. (C) Summary. In the week following Crown Prince Sultan Bin Abdul Aziz Al-Saud's April visit to Pakistan, PolCouns sought assessments in separate meetings with the MFA Director General for the Gulf region Sajjad Haider, Saudi Embassy DCM Abdullah Al-Omari and a respected local journalist, Farhan Bokhari (strictly protect). While MFA and Saudi Embassy officials sought to play down the significance of the visit, the journalist, citing an inside source, said that in fact there had been substantive discussions of security issues, including a possible sale to the Saudis of 150 Al Khalid battle tanks and 12-15 K-8 trainer aircraft. This was Prince Sultan's first visit to Pakistan since becoming Crown Prince, and it came as the last leg of a three-nation tour that included Japan and Singapore. The stop-over followed an official visit by Saudi King Abdullah in February -- an inaugural tour abroad as Saudi King that took him to China, India, Malaysia and Pakistan. End Summary

2 (C) Haider characterized the trip as a routine stopover, with no agreements signed and no significant policy developments. It was "mostly symbolic" he said. Unlike King Abdullah's visit, this had not been an extravaganza. Following Sultan's arrival, President Musharraf had met with him for a one-on-one, then hosted him for dinner and for an evening of entertainment. The following day, Prime Minister Aziz hosted him for lunch, and Sultan flew out that afternoon. The Saudi delegation had not included the Saudi Foreign Minister nor any noteworthy officials, other than the Prince himself (who also served as Saudi Defense Minister). "It was all princes, but minor princes," Haider explained. Though he was not privy to what had transpired in the meeting with Musharraf, Haider said that in other meetings the sides had discussed extremism, Pakistan-India relations, terrorism, economic relations, prospects for Saudi investment and issues relating to the 1.1 million Pakistani workers in Saudi Arabia.

13. (C) Al-Omari echoed Haider's assessment, downplaying the significance of the visit and saying that the stopover had been an afterthought. Originally, the Prince had planned to visit Japan and Singapore only, but the stopover had been tacked on to address Pakistani dismay following King Abdullah's much-heralded visit to India in late January. Sultan sought to reassure the Pakistanis that Saudi relations with India would not interfere with its long-standing friendship with Pakistan. (At the same time, Al-Omari

explained, the Saudis maintain very good relations with India, which was a major market for Saudi oil.) As for the meetings themselves, the Pakistanis were looking to promote trade and investment and wanted to explore whether earthquake survivors could be offered employment opportunities in the Saudi Arabia. Defense issues had not been discussed, and no joint statement had been released.

14. (C) Bokhari, who writes for the Financial Times, reported that he had been told by a source privy to the Musharraf-Sultan meeting that, in fact, defense issues had been discussed at some length. He observed that this was to be expected, as Sultan was Saudi Defense Minister. He claimed that Musharraf was pursuing the sale of 150 Pakistani-made Al Khalid main battle tanks to the Saudis for \$600 million. According to Bokhari, approximately half this amount would amount to a Saudi subsidy for the Pakistani defense industry -- an industry in which the Saudis had, he posited, a strategic interest. Secondly, Musharraf had hoped to offer training in special operations to the Saudis, and perhaps to provide actual Special Operations Task Force units that could be deployed at sensitive oil installations or in Dhamam province. Third, the Pakistanis had hoped to sell the Saudis a dozen or more K-8 trainer aircraft. Bokhari believed that the two sides had reached an agreement on the Al Khalid tanks, but not on the other two items. While military sales had been the focus, according to Bokhari, economic issues had also been discussed, as the Pakistanis were eager for Saudi investment on the Balochistan coast.

Comment

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15. (C) The Pakistanis have been pushing the Al-Khalid and K-8 sales for a while, hoping they might break the ice for sales to cost-conscious buyers in the developing world. We are aware that the Pakistanis also took Prince Sultan's delegation to visit production facilities, which suggests that they are still at the marketing stage and haven't yet finalized a deal. The Saudis, of course, already have access to much better (U.S.) equipment, so any purchase from the Pakistanis would be a goodwill gesture and lend some credence to Bokhari's thesis that the Saudis have a strategic interest in sustaining the arms industry in a friendly and nearby Islamic state. Musharraf's reported offer of special forces training or personnel would be surprising; the performance of Pakistani special forces in Waziristan suggests that they are still on the steep end of the learning curve.

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